



Iowa General Assembly

2009 Committee Briefings

Legislative Services Agency – Legal Services Division

<http://www3.legis.state.ia.us/ga/committee.do?id=41>

GOVERNMENT OVERSIGHT COMMITTEE

Meeting Dates: [October 27, 2009](#) | [September 24, 2009](#) | [June 11, 2009](#)

Purpose. *This compilation of briefings on legislative interim committee meetings and other meetings and topics of interest to the Iowa General Assembly, written by the Legal Services Division staff of the nonpartisan Legislative Services Agency, describes committee activities or topics. The briefings were originally distributed in the Iowa Legislative Interim Calendar and Briefing. Official minutes, reports, and other detailed information concerning the committee or topic addressed by a briefing can be obtained from the committee's Internet page listed above, from the Iowa General Assembly's Internet page at <http://www.legis.state.ia.us/>, or from the agency connected with the meeting or topic described.*

GOVERNMENT OVERSIGHT COMMITTEE

October 27, 2009

Co-Chairperson: Senator Rich Olive

Co-Chairperson: Representative Vicki Lensing

Overview. The primary focus of the meeting concerned updates from the three Regents Universities concerning implementation of sexual misconduct policies, a status report regarding the Film Office/Tax Credit investigation, and a discussion of a recent review by the State Auditor's Office of the Iowa Industrial New Jobs Training Program and its impact on program operation.

Sexual Misconduct Policy Implementation. Mr. Andy Baumert, State Relations Officer, Board of Regents, State of Iowa, provided background information regarding actions taken by the board in response to complaints stemming from the University of Iowa's handling of allegations of a sexual assault made by a student-athlete at the university against two former members of the university's football team. Each university reviewed and modified its sexual misconduct policies in response to recommendations formulated after independent review of their existing policies and procedures. Implementation of policy revisions was summarized as follows:

- **University of Iowa.** Mr. Jonathan Carlson, Senior Associate to the President, University of Iowa, indicated that the university is striving to make the reporting structure for sexual misconduct as simple and streamlined as possible, with a one-source approach encompassing a variety of aspects relating to victim support. He stated that the sexual misconduct policy has been incorporated into a student handbook distributed to all incoming students during orientation, and identified student, faculty, and staff education as an area of emphasis, stating that electronic communication of available assistance in the form of a linked webpage on the university's Internet website has been developed. Additionally, he reviewed various forms of training regarding the identification and handling of a sexual misconduct allegation being offered to students, university staff, and victim responders, citing a high participation rate for both students and faculty members.
- **Iowa State University.** Ms. Dione Sommerville, Dean of Students, Iowa State University, stated that the university was conducting a similar implementation, in the form of a coordinated effort through the Dean of Students Office. The university's goal is to foster the ability of a student victimized by possible sexual misconduct to be directed to appropriate assistance and resources from whatever point or individual on campus they have turned to for help. She discussed efforts to strengthen the existing on-campus and community-based support system, development of web-based resources, and communication efforts. In particular, she described a sexual misconduct awareness campaign encompassing magnets, flyers, published articles, presentations to students, and soon to involve billboard advertising.
- **University of Northern Iowa.** Mr. Jon Buse, Dean of Students, University of Northern Iowa, discussed incorporation of the sexual misconduct policy into the university's existing policies and procedures handbook and student handbook, and revisions to its existing Office of Violence Intervention Services web page, consistent with the policy and with an emphasis on linkage and accessibility. All academic departments have discussed sexual misconduct issues, scenario-based training building on a domestic violence model has taken place, and staff

members have received coaching on identification of potential misconduct through change in student behavior. Mr. Buse also discussed the collaboration of the three universities in a \$1 million flagship grant project to reduce gender violence on campus. The grant, funded by the United States Department of Justice Office on Violence Against Women, is used to train students, faculty and staff to prevent and respond to gender violence. He additionally discussed the universities' participation in a Victim's Services Institute, and the conducting of workshops in coordination with the Mentors in Violence Prevention Program.

Committee discussion included the extent to which student and faculty training was required campus-wide, whether an increase in the reporting of sexual misconduct has been observed since the policies were implemented, what assurances parents of incoming freshmen might be given regarding the incidence and prevention of sexual misconduct, the extent to which education and training is specifically directed toward or includes student-athletes, the observation of confidentiality depending on the professional status of the responder and whether information regarding related alcohol and drug-related misconduct is forwarded to local law enforcement, and a request for further updates as additional experience and data are obtained in the next several months.

Film Office/Tax Credit Investigation Update. Mr. Eric Tabor, Chief of Staff, Office of the Attorney General (AG), provided an update via telephone regarding the status of the Office's investigation into alleged mismanagement of the Film Tax Credit Program and possible abuses on the part of certain tax credit recipients. Mr. Tabor emphasized that the investigation is being given top priority within the AG's office, that it is being conducted in coordination with several other agencies from both a civil and criminal perspective, and that complications have arisen due to extremely poor record-keeping by the Film Office. He stated that in addition to the lack of documentation regarding expenditures, statutory requirements regarding program benefits directed toward residents of this state, the amount of tax credits awarded, and an analysis by the Department of Economic Development regarding whether the economic impact justifies continuation of the program, appear not to have been adhered to. Mr. Tabor additionally commented that \$32 million worth of film tax credits have already been awarded, that 26 contracts were entered into, that 109 registration letters were approved, and that the AG's office is seeking additional information with regard to all of them. He further stated that meetings are being conducted with filmmakers and their legal representatives, and that decisions regarding how to proceed would be forthcoming within the next few weeks.

Committee discussion included inquiry into the hiring of Clifton Gunderson LLP by the Department of Economic Development to conduct a film tax credit program review prior to an audit by the State Auditor's Office, and a request for recommendations at the conclusion of the investigation relative to necessary statutory changes or revisions in connection with the program.

Iowa Industrial New Jobs Training Program Audit or Review. Ms. Tami Kusian, Deputy Auditor, and Ms. Annette Campbell, Director, Performance Investigation Division, State Auditor's Office, summarized the results of a review completed in May 2009, regarding the operation of the Iowa Industrial New Jobs Training Program. The objective of the review was to determine whether the Department of Economic Development adequately coordinated and monitored the program, whether the community colleges appropriately administered and monitored funding received and activity conducted under program agreements, and whether the Department of Revenue sufficiently tracked and monitored the accuracy of the new jobs withholding credits issued pursuant to the program. Ms. Kusian provided an overview of the program since its inception in 1983, described utilization of funds from the sale of training certificates by community colleges for training costs, administrative fees, issuance costs, and reserves, and summarized the sources of payments for principal and interest on the training certificates. Findings and recommendations included the following:

- **Department of Economic Development.** Findings included a determination that 228 of the completed projects through June 30, 2008, corresponding to 19.3 percent of all projects, reported no new jobs created. It was noted, however, that questions regarding the accuracy of this data exist. Additionally, the review found general monitoring insufficiency, lack of verification of information reported by community colleges, and database errors. The review recommended that the department use administrative fees collected from community colleges to take a more active role in monitoring and reporting program activity, and that an assessment as to whether the fees are set at an appropriate amount be conducted.
- **Community Colleges.** Findings included inconsistent compliance with monitoring requirements established by the program's administrative rules, collection of withholding tax and incremental property tax in excess of amounts needed to pay principal and interest on certificates, claims by participating business of new jobs withholding credits based on wages paid to all employees rather than employees in new jobs created pursuant to the program, that training provided for several projects was not specific to new jobs created, and instances of accumulated interest transfers from program accounts for nonprogram purposes. The review recommended that a legislative determination of community college authorization to make accumulated interest transfers occur, and that reporting by community colleges to the department relative to business defaults, training conducted, median new employee wages, and excess fund collection, be improved.
- **Department of Revenue.** Findings noted credit review and verification limitations prior to January of 2005, but improvements were made after that date attributable to implementation of an integrated withholding system.

Additionally, Ms. Kusian noted items for further legislative consideration to maximize efficient program administration and the determination of program effectiveness.

Iowa Industrial New Jobs Training Program Audit or Review Responses.

- **Department of Economic Development.** Ms. Karen Merrick, Division Administrator, and Ms. Gail Kotval, Division Coordinator, Innovation and Commercialization Division, Department of Economic Development, discussed the status of actions undertaken by the department in response to the Auditor's review. Ms. Merrick stated that administration of the program had been transferred to a different division and two staff members assigned to the program. Ms. Kotval summarized the functions performed by the department in administering the program, and stated that the department is implementing changes to improve program administration, including monitoring and periodic progress evaluation, in collaboration with the community colleges. Changes noted included database revisions and improvements, taking a more active role as the central point for technical assistance through improved communication and training, verification of information reported by the community colleges in preparing the department's annual report and requiring community college program database certification, and collaborative determination of necessary administrative rule changes in with the community colleges emphasizing improved monitoring by the department, standardized requirements for due diligence procedures, and more accurate assessment of program effectiveness.
- **Community Colleges.** Mr. Greg Schmitz, President, Hawkeye Community College; Mr. Steve Ovel, Executive Director, Governmental Relations, Kirkwood Community College; and Mr. Rob Denson, President, Des Moines Area Community College, offered input from the community college perspective regarding the review and department response. Mr. Schmitz emphasized the need for the program, and that it has a positive impact on regional economic development. It was noted that the review was not conducted at the level of a full audit, and that database information that was admittedly inaccurate was nonetheless relied upon. The identification of 228 projects resulting in no new jobs was disputed, with updated information indicating only 12 projects failing to generate new jobs. Mr. Denson stressed that the program is not a tax credit program resulting in any kind of tax break from a business standpoint, but rather a training program financed from a portion of the withholding taxes deducted from a new employee's wages designed to promote economic development and employee competency.

Committee Discussion. The discussion included whether administrative costs are excessive, whether reporting requirements corresponding to bond durations are appropriate, the merits of utilizing the Department of Revenue as a funding and verification conduit, provision of some sort of training certificate to verify and recognize training received, the uniqueness of Iowa's approach to new jobs training and resulting incentive for businesses, whether on-site monitoring at community colleges takes place, and the legal consequences when a company closes prior to bond repayment completion.

Additional Discussion. The transition to electronic reporting of court proceedings was identified as a potential issue for possible future committee discussion. Chairperson Olive indicated that a final determination regarding whether the Committee will meet in December has not as yet been made, and will depend on whether significant items for discussion arise prior to that time.

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GOVERNMENT OVERSIGHT COMMITTEE

September 24, 2009

Co-Chairperson: Senator Rich Olive

Co-Chairperson: Representative Vicki Lensing

Overview. The primary focus of the meeting concerned an update regarding the Honey Creek Destination Resort Park, a discussion of recycling and related waste management issues, a review of proposed legislation relating to Department of Natural Resources (DNR) emergency authority, a panel discussion regarding the H1N1 influenza and efforts being undertaken to address it, implementation of recommendations made by the Governor's Task Force on Dependent Adults with Mental Retardation, an update on the Grants Enterprise Management System, and a presentation relating to state compliance with federal requirements under the federal American Recovery and Reinvestment Act of 2009.

Honey Creek Destination Resort Park. Ms. Patricia Boddy, Deputy Director, DNR, accompanied by Ms. Michelle Wilson, Project Manager, provided an update and status report regarding operation of the Honey Creek Destination Resort Park. Ms. Boddy characterized the resort as a major undertaking involving a large number of public and private sector partnerships; identified Central Group Companies, Inc., as the entity responsible for resort operations and management, marketing and sales, and financial reporting; and displayed a variety of interior and exterior pictures of the

resort. She indicated that after a slow postseason opening in September 2008, momentum has been building, with advertising and promotional efforts resulting in significant group sales and special event bookings and an occupancy rate that is increasingly competitive with other comparable facilities. The challenges facing the resort have included construction delays and costs, inclement weather and resultant flooding, the impact of the economic downturn on the hotel and recreation industry, the lack of an operating history for the resort, and the necessity of making semiannual bond payments underpinning the financing of the project. In response to committee inquiry, Ms. Boddy stated that DNR is bearing full financial responsibility for a project with statewide impact, and is actively seeking grant opportunities and other sources of additional funding for remaining projects associated with the resort, so that a larger proportion of revenue and construction money will be available for bond repayments.

Recycling and Waste Management. Mr. Brian Tormey, Chief, Land Quality Bureau, DNR, addressed state and local recycling and waste management efforts. Mr. Tormey summarized several pieces of enabling legislation which, collectively, established a state policy of reduced reliance on land disposal of waste, landfill requirements, an increased state solid waste tonnage fee, statewide waste reduction and recycling goals, local government responsibility for establishing comprehensive waste reduction programs, landfill bans, and reduction goals and financial incentives and disincentives relating to attaining them. Mr. Tormey distributed a handout depicting distribution of the tonnage fee for a variety of program funding purposes, supplied FY 2007-2008 tonnage fee totals, provided a breakdown of integrated solid waste management infrastructure, and discussed increasingly successful residential recycling efforts and the development of the Regional Collection Center Network. He additionally addressed progress being made in landfill diversion efforts and compared and interpreted diversion rates for FY 2006-2007 against those from FY 1993-1994. Challenges identified by Mr. Tormey relating to ongoing waste reduction and recycling included the fact that the tonnage fee methodology utilizes a 1988 baseline which must be adjusted for changes in population, employment, and retail sales tax and which does not account for out-of-state direct landfill hauling; the lack of a credit for toxicity reduction; the impact of anti-illegal dumping efforts and burning bans on planning areas; the limitation imposed by a 50 percent goal maximum or ceiling; and the fact that a funding plateau is currently being experienced.

Emergency Authority Legislation. Mr. David Wornson, Attorney, Legal Services Bureau, DNR, discussed legislation proposed during the 2009 Legislative Session (H.S.B. 288) relating to the authority of the director of DNR in disaster emergencies. The proposed bill would expand the authority of the director to allow the suspension of certain statutes and administrative rules if strict compliance with the provisions would negatively impact necessary action in responding to the emergency, and to issue orders and adopt rules and policies necessary to assist with an emergency response. The legislation was an outgrowth of questions which arose in connection with the 2008 flooding involving potential conflicts between emergency rules and policies and existing statutes and requirements, whether conflicting statutes could be suspended during an emergency situation, and whether the position of some federal agencies to maintain standards and requirements during an emergency but to "non-enforce" violations was satisfactory. Committee discussion included a recommendation that a time certain, such as a 30-day renewable period, be added to the legislation regarding the duration of the director's emergency authority; and that alternative approaches could include developing an emergency response framework which would be triggered by the declaration of an emergency.

H1N1 Influenza—Identification and Response. Several individuals associated with state agencies and the University of Iowa provided information about the status of the H1N1 influenza outbreak in the state and efforts to address it:

- Mr. Chris Atchison, Director, Hygienic Laboratory, University of Iowa, outlined the hygienic lab's role in conducting prepandemic planning since 2005, positioning it to handle a large volume of influenza testing when currently faced with both seasonal and H1N1 influenza outbreaks. Mr. Atchison presented testing volume statistics, indicated that the average test turnaround time was 22 hours, compared manual to robotic specimen processing volumes, and identified factors contributing to testing success. He stated that heading into the fall of 2009, it is clear that the H1N1 virus did not die out but has instead mutated, that the hygienic lab is one of only three selected by the federal Centers for Disease Control (CDC) to grow the virus, and that two additional CDC fellows have been obtained to provide assistance. Mr. Atchison also provided an estimated projected cost breakdown through March of 2010 for H1N1 testing.
- Dr. Patricia Winokur, Professor and Associate Dean, Clinical and Translational Science, Department of Internal Medicine, University of Iowa, discussed the novel characteristics of the H1N1 influenza, and indicated that it can take between 28 to 40 weeks between the time a pandemic strain is identified and a vaccine is ready for distribution. Production of the H1N1 vaccine earlier this year began several months after production of the seasonal influenza vaccine and was undertaken by facilities already engaged in seasonal vaccine production. She identified as priority goals for vaccine trials the issues of one versus two doses, sequential order of the H1N1 and seasonal vaccines, and whether or not an adjuvant compound should be administered with the vaccine. Dr. Winokur stated that the University of Iowa was selected as one of eight vaccine and treatment evaluation units in the country, and summarized the H1N1 vaccine trial process. She discussed H1N1 vaccine dosage recommendations, side effects, distribution priority, and estimated vaccine supplies.
- Dr. Ann Garvey, State Public Health Veterinarian, Iowa Department of Public Health (IDPH), accompanied by Ms. Marnell Kretschmer, CDC Public Health Advisor, IDPH Bureau of Immunization and Tuberculosis, identified

and discussed as key components of a national framework for H1N1 preparedness and response surveillance efforts to increase awareness, mitigation measures to slow the spread of the disease, vaccination, and a communication and education campaign. The role of IDPH in response to H1N1 was described to include formation of an internal H1N1 Task Force; conducting incident command training for department staff; increasing surveillance efforts; increasing storage and distribution capacity for pharmaceuticals and supplies, coordinating and sharing information with federal, state, and local partners; posting and updating information on applicable websites and networks; and public education. Dr. Garvey also addressed H1N1 symptoms, protective measures to impede disease spread, supplies being stockpiled, allocation and distribution of the vaccine and related supplies, and tracking and monitoring of side effects and vaccine effectiveness.

- Ms. Elaine Watkins-Miller, Communications Consultant, Department of Education, described efforts being undertaken jointly between the department and IDPH to furnish information and assistance to K-12 school districts, child care programs, community colleges, and other institutions of higher education regarding H1N1 statistics, vaccine availability, and prevention.

Governor's Task Force on Dependent Adults with Mental Retardation. Mr. John McCalley, Director, Iowa Department on Aging, and Chair of the Governor's Task Force, provided an update regarding the status of the individuals previously living in Atalissa, implementation efforts regarding task force recommendations, and additional adult abuse investigations. The majority of Atalissa workers remain in the state, and are either engaged in a work or transition-to-work setting or have retired. Mr. McCalley discussed implementation of 2009 Iowa Acts, S.F. 484, which was enacted in response to the Atalissa situation and established regulatory requirements involving boarding homes and dependent adults. There are 12 cases alleging dependent adult abuse currently under investigation by the Department of Inspections and Appeals, conducted in coordination with several other agencies and utilizing a best practices approach, and cost offsets are being obtained through the Medicaid Fraud Control Unit for boarding home inspections. Additionally, Mr. McCalley discussed a lack of clarity regarding the definition of dependent adult abuse and efforts to counter this with a public education and outreach campaign, and the receipt of grant funding to conduct a summit conference relating to meaningful work opportunities for dependent adults. He identified as ongoing issues some overlap in the definition of boarding home with other forms of long-term care facility, the rapid closure of residential care facilities around the state, and the challenge of reaching and effectively representing individuals who may be experiencing dependent adult abuse.

Grants Enterprise Management System (GEM\$). Ms. Kathy Mabie, Management Director, Iowa Department of Management, provided another in a series of updates regarding the status of GEM\$. Ms. Mabie discussed implementation of IowaGrants.gov, a program designed to simplify and expedite the process of identifying and applying for grants by applicants and the awarding and managing of grants by state agencies. The system has two primary components, a Grant Notification Portal to be utilized by all state agencies to consolidate grant solicitations or openings, and a Comprehensive Electronic Grant Management System designed to manage all facets of grant application and administration. Ms. Mabie identified core agencies involved in implementation of the system, projected a 22 percent decrease in grant processing time and an estimated annual administrative efficiency savings of over \$5 million, and presented funding expenditures to date and additional funding requests through FY 2012-2013. Ms. Mabie additionally discussed the GEM\$ Technical Assistance Project, which assists participating agencies in the development of grant-seeking priorities, grant projects, funding sources, and grant writing assistance.

American Recovery and Reinvestment Act of 2009 (ARRA)—State Compliance. Mr. Scott Vander Hart, ARRA Data Coordinator, Department of Management, provided information and a demonstration relating to data elements incorporated into the state's centralized reporting system designed to fulfill reporting responsibilities mandated by the ARRA.

Additional Discussion. In response to committee member inquiry, Co-chairperson Lensing indicated that discussion of issues which have arisen in connection with the state's film tax credit program will await completion of investigations and analyses being conducted by the State Auditor's Office and the Attorney General's Office.

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GOVERNMENT OVERSIGHT COMMITTEE

June 11, 2009

Co-chairperson: Senator Rich Olive

Co-chairperson: Representative Vicki Lensing

Overview. The primary focus of the meeting concerned the status of 2008 statewide disaster recovery efforts and funding, a discussion of the content and implementation of sex offender legislation passed during the 2009 Legislative

Session, and a semiannual update and report on the operation of the Iowa Lottery.

Disaster Recovery Efforts and Funding. Ms. Emily Hajek, Chief of Staff, Rebuild Iowa Office, and Ms. Susan Judkins Josten, Intergovernmental Affairs Director, Rebuild Iowa Office, provided a progress report regarding 2008 statewide disaster recovery efforts, and the status of federal and state funding received and expended to facilitate those efforts.

Ms. Hajek stated that over \$3 billion of federal and state funding has been allocated to the state, but indicated that not all of the allocation has been received or disbursed. She summarized a spreadsheet tracking funding received from the Federal Emergency Management Authority (FEMA) in the form of individual assistance, public assistance, and hazard mitigation grant program funding; the Small Business Administration (SBA), the Community Development Block Grant (CDBG) program, the United States Department of Agriculture, the State Jumpstart Program, Executive Council matching funds, Iowa Finance Authority Low-Income Housing Tax Credits, National Emergency Grants, and Social Services Block Grants. In relation to these funding sources, Ms. Hajek noted the following: 1) that hazard mitigation grant approval criteria specified by FEMA was specific to greenspace conversion; 2) that issues had arisen regarding the ability of business owners to repay SBA loans and that efforts were under way to restructure them in some cases; 3) that a new allocation of CDBG funding in the amount of \$517 million had just been announced; 4) that issues are arising regarding the ability of individuals to handle payments for affordable housing facilitated through CDBG funding in circumstances where their previous residence had been paid off or where they remain obligated for mortgages or payments on damaged property; 5) that much of the State Jumpstart funding had already been expended; and 6) that the receipt of National Emergency Grant funding is contingent upon a business establishing that workers have in fact been dislocated.

Ms. Hajek discussed the following: 1) a \$3 million grant received in connection with the federal Economic Development Administration; 2) the status of efforts to implement I-JOBS bonding administered by the Iowa Finance Authority pursuant to S.F. 376 passed during the 2009 Legislative Session; 3) recovery analysis activities in the form of workshops and public surveys, disaster commemoration events being held at various locations across the state; and 4) continued plans to meet on an as-needed basis by the Rebuild Iowa Advisory Council and Rebuild Iowa Office Coordinating Council. Ms. Hajek emphasized that FEMA representatives have praised Iowa's rapid response in the implementation of recovery efforts, and intended to refer to it as a model for other states facing similar challenges in the future.

Ms. Judkins Josten distributed the most recent quarterly report issued by the Rebuild Iowa Office and a list of Rebuild Iowa Advisory Council recommendations. She noted that legislation passed during the 2009 Legislative Session directed the Rebuild Iowa Office to develop recommendations regarding safe room best practices, floodplain management, and flood insurance incentives by specific dates in November and December of 2009, and discussed possible 2010 legislative proposals relating to disaster recovery.

Committee discussion included inquiries regarding the following: 1) SBA loan availability, criteria, and restructuring; 2) state flood map updating; 3) flood insurance requirements within designated areas and the issue of duplication of benefits; 4) the status of I-JOBS bonding activity; and 5) the extent to which additional funds above and beyond the \$3 billion allocation are projected to be needed.

New Sex Offender Legislation — Implementation. The Honorable Tom Miller, Attorney General, expressed appreciation of the nonpartisan effort that resulted in the passage of S.F. 340 during the 2009 Legislative Session, noting that the result was a common-sense approach to sex offender apprehension, treatment, and monitoring which balanced residency restrictions with location prohibitions. He commented that as a result of the legislation, law enforcement resources can be utilized more effectively to ensure public safety, and that all involved state agencies and offices are fully committed to the legislation's implementation. Attorney General Miller called for increasing the penalty for utilization of the Internet for solicitation of minors from the current penalty of a misdemeanor to a felony, and requiring a DNA sample from individuals convicted of an aggravated assault in order to reduce the incidence of repeat offenses. In response to an inquiry regarding the expense of DNA testing, Attorney General Miller agreed that requiring offenders to pay for the testing was an idea worth further consideration.

Mr. Ron Mullen, Assistant Director, Eighth Judicial District Department of Correctional Services, accompanied by Ms. Sally Creamer, Director, Fifth Judicial District Department of Correctional Services, emphasized that the supervision of sex offenders is treated very seriously by the department, and that efforts are under way to revise administrative rules required for implementation of S.F. 340. Mr. Mullen indicated that changes in the residency restrictions will reduce the residential cluster effect of the previous requirements, facilitate a smoother flow and reduced backlog, and increase the ability of the department to collect fees due to offenders no longer needing to maintain two residences. He stated that the exclusion zone concept is a significant improvement, noting that it focuses on where the risk is more likely to occur, rather than where an offender is sleeping at night, and highlighted risk assessment tools utilized to identify potential offenders. Mr. Mullen emphasized that the number of offenders requiring continued monitoring by the department will dramatically increase as a result of the legislation's implementation, resulting in a larger caseload and the need for additional resources.

Mr. James Saunders, Assistant Director of Support Operations, Division of Criminal Investigations, discussed efforts to update computer databases for utilization in offender apprehension and tracking and interfacing with public Internet sites. Mr. Saunders also addressed approaches to assigning offenders to differing tiers or categories as required by the legislation, and offender notification procedures associated therewith. Additional remarks concerned ongoing law

enforcement training to facilitate a smooth transition, and due diligence requirements and flexibility in investigating offender whereabouts when enforcing exclusionary zone restrictions.

Committee discussion included the following: 1) the ability of an offender to appeal assignment to a particular tier; 2) the extent to which offenders may not voluntarily undergo treatment while incarcerated and assessment efforts regarding their likelihood to repeat offend; 3) how out-of-state offenders will be integrated into the new requirements; 4) how tracking devices required to be affixed to offenders are monitored and the extent to which additional resources may be needed for their acquisition; 5) the contents of treatment program curriculums; and 6) recidivism rates.

Iowa Lottery Semiannual Update. Mr. Terry Rich, Chief Executive Officer, Iowa Lottery, delivered the lottery's semiannual update. Mr. Rich characterized the lottery's recent performance as positive and better than anticipated during a difficult economic period. He stated that figures through the end of April indicate lottery sales lagging 3.7 percent behind FY 2008, but that proceeds to the state were running slightly ahead of FY 2008. Mr. Rich projected proceeds will ultimately finish the year ahead of FY 2008 results, and exceed estimates provided to the Committee in January 2009. The improved performance was attributed to the establishment of the Iowa Lottery Authority, which enabled the lottery to realize savings through the issuance of revenue bonds to purchase lottery property and equipment rather than continue leasing arrangements, and which enhanced the lottery's flexibility to enter into creative long-term campaigns such as the Keep Your Ticket Handy campaign entered into with the Iowa Division of Tourism. An additional reason for the improvement was identified as a lower payout rate in instant-scratch game prizes for FY 2009 over FY 2008. Mr. Rich also discussed the following: 1) revisions to the lottery's FY 2010 budget which are not anticipated to impact lottery proceeds to the state; 2) that the total amount raised for deposit into the Iowa Veterans Trust Fund from dedicated lottery revenue has risen to nearly \$2.4 million; 3) that the latest audit of the lottery by the State Auditor's Office reported no material weaknesses or instances of noncompliance; 4) that the lottery intends to continue the Midwest Millions joint instant-scratch game entered into with Kansas based on positive results; and 5) that unannounced security checks are being conducted at retail locations with no instances of improper prize payment by store personnel uncovered thus far.

Mr. Rich indicated the following: 1) that discussions regarding the state's potential involvement in an international game continue but with no decisions having been reached; 2) that TouchPlay litigation has been largely settled or dismissed with four lawsuits remaining pending; 3) that the lottery continues to monitor and evaluate the potential impact of new and expanding casinos in the state and increased payouts for amusement devices on lottery revenue; 4) that legislation has been introduced at the federal level which would allow for the regulation of Internet gambling by the federal government and the licensing of those operating Internet gambling facilities; and 5) that the lottery is preparing a request for proposals for communications equipment, software, and computerized terminals, which constitutes the largest contract involved in its operation, with an anticipated award date of June 2010.

Mr. Rich additionally distributed a letter from the lottery responding to a report issued by the Office of State Ombudsman focusing on and questioning efforts by the lottery to prevent fraud and theft. Highlights of the letter include the notation that only 182 inquiries were handled by the lottery's security department out of 148,136,301 transactions during calendar year 2008, and that many of the recommendations contained in the report had been previously considered and implemented by the lottery. The letter states that areas of disagreement on the lottery's part are based upon concerns regarding undue governmental intrusion, red tape and impractical business application, game and personal security concerns and risks, and cost-benefit factors. Mr. Rich characterized the working relationship between the lottery and the office as improving.

Additional Discussion. The Co-chairpersons indicated they would be consulting after the meeting to consider potential agenda topics for upcoming meetings, and that a letter to legislative leadership requesting authorization to hold the number of meetings previously agreed upon by the Committee during the remainder of 2009 would be forthcoming.

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